



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0282	Title:	Sequestration to slow global warming
Primary Sponsor:	Erickson, Ron	Status:	As Introduced

- | | | |
|-----------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
State Special Revenue	\$76,480	\$71,860	\$73,667	\$75,509
Revenue:				
State Special Revenue	\$76,480	\$71,860	\$73,667	\$75,509
Net Impact-General Fund Balance	\$0	\$0	\$0	\$0

Description of Fiscal Impact:

Requires all coal-fired electrical generation facilities or synthetic fuel facilities that file construction permit applications with the Department of Environmental Quality after the effective date of this act to capture carbon dioxide at the site and permanently store the carbon dioxide in a geologic formation or provide verification that 100% of the carbon dioxide emissions from the facility will be offset. These new permitting program elements will require an additional 0.50 FTE and associated operating costs funded with air quality permit fees.

FISCAL ANALYSIS

Assumptions:

Department of Environmental Quality (DEQ)

1. These requirements would apply only to coal-fired electrical generation facilities or facilities producing synthetic fuel from gasifying coal that have not yet been constructed on non-tribal lands.
2. The requirements would not apply to existing coal-fired electrical generation or synthetic fuel facilities that modify their operation such that a Montana Air Quality Permit is required.
3. The requirements would be implemented through conditions included in the facility's Montana Air Quality Permit and would not require rulemaking by the Board of Environmental Review.
4. The department anticipates receiving one permit application each year during the 2009 and 2011 biennia from facilities subject to these requirements.

5. Reviewing these requirements, preparing permits, and verifying compliance with permit terms will require an additional 0.50 FTE senior environmental engineer. Operating expenses would include supplies, travel, communications, education/training, vehicle lease, indirect costs, contracted services, etc. These costs are: Personal Services; \$29,427 in FY 2008, \$29,427 in FY 2009, \$30,310 in FY 2010, \$31,219 FY 2011 and Operating Expenses; \$41,053 in FY 2008, \$42,443 in FY 2009, \$43,716 in FY 2010, \$45,027 in FY 2011. The operating costs for FY 2008 are \$6,000 higher for start up costs; new employee package of \$1,375, laptop computer \$2,200, and moving reimbursement of \$1,500 and other costs of \$925. An inflation factor of 2.5% has been applied to FY 2010 and FY 2011.
6. The expertise necessary to ensure that viable geologic formations are capable of permanent sequestration of carbon dioxide is a unique field of study that is neither readily available at the department nor necessary on a full-time basis. Therefore, the department would use contracted services (\$25,000/year) for assistance with these determinations.
7. It is assumed that the revenue source is air permit fees that are adjusted annually through amendment of administrative rules to generate sufficient revenue to fund the costs of the program.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.50	0.50	0.50	0.50
<u>Expenditures:</u>				
Personal Services	\$29,427	\$29,427	\$30,163	\$30,917
Operating Expenses	\$47,053	\$42,443	\$43,504	\$44,592
TOTAL Expenditures	\$76,480	\$71,870	\$73,667	\$75,509
<u>Funding of Expenditures:</u>				
State Special Revenue (02)	\$76,480	\$71,870	\$73,667	\$75,509
<u>Revenues:</u>				
State Special Revenue (02)	\$76,480	\$71,870	\$73,667	\$75,509
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
State Special Revenue (02)	\$0	\$0	\$0	\$0

Technical Notes:

1. "Synthetic fuel facilities" is not a defined term in 75-2-103, MCA, and should be clarified.
2. It is not clear whether the provisions of this bill apply to existing or permitted facilities that may submit a construction permit application to the department in the future. The Clean Air Act makes no distinction between permit applications for new or modified facilities. The intent of this bill should be clarified.
3. The bill title refers to "REQUIRING THE BOARD OF ENVIRONMENTAL REVIEW TO ESTABLISH REQUIREMENTS...." The bill does not require the Board of Environmental Review to adopt rules; it specifies that the permit program administered by the Department of Environmental Quality must include the requirements addressed in the bill.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date